HM Government publishes its Economic Crime Plan 2019-22

30 September 2019

On 12 July 2019, the UK government, in collaboration with UK Finance (which is the main trade association for the UK banking and financial services sector), published its Economic Crime Plan for 2019-2022 (Economic Crime Plan). The aim is to develop a holistic plan against economic crime in the UK, combining the joint efforts of both the public and private sector.

This follows the mutual evaluation report for the UK, which was published by the Financial Action Task Force (FATF) and assesses the UK's Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) system. The FATF report found that, even though the UK's system is effective in many respects, there are also areas that need improvement, including the Suspicious Activity Reports (SARs) regime and the operation of the UK Financial Intelligence Unit (UKFIU). You can read more about the FATF mutual evaluation report for the UK in a previous edition of this publication.

The Economic Crime Plan sets out seven strategic priorities as well as 52 action points aiming to prevent and combat economic crime. These strategic priorities were developed by the Economic Crime Strategic Board (Board), a ministerial-level public-private board, which includes government bodies as well as representatives of major banking institutions, including Barclays, Standard Chartered, HSBC and Morgan Stanley.

Some have criticised the fact that banks, which are themselves subject to AML/CTF regulation, are also responsible for the development and oversight of the rules that effectively bind them. Others see this as an example of public-private sector collaboration and as an opportunity to leverage on banks' experience in dealing with economic crime-related issues, such as money laundering.

In general, the Economic Crime Plan deals with the respective issues at a high level. A common theme involves exploring ways to promote and enhance public and private sector partnerships. The main takeaways are explained below.

**Strategic Priority One: Understanding the threat and performance metrics**

The Economic Crime Plan highlights the need for greater cooperation between the public and private sectors, in developing a clearer understanding of the threat of economic crime. To this end, the Home Office will develop an outcome-based approach and will introduce a system to monitor how firms deal with economic crime-related risks using performance indicators. This performance system, which will involve a mapping data exercise, will be introduced by December 2019 and the intention is for it to be operational by July 2020.

**Strategic Priority Two: Better information-sharing**

HM Government expressed a greater desire to remove the barriers to information-sharing to increase the quality of intelligence the private sector would be able to provide to the public sector. Part of this work involves improving the
Strategic Priority Three: Powers, procedures and tools

The Economic Crime Plan re-affirms that the UK will deliver on its obligation to transpose the Fifth Money Laundering Directive (MLD5) by January 2020. It will, nonetheless, do this "in a way which balances the burden on business with the need for regulated businesses to actively deter money laundering and terrorist financing activity." The UK government will also consider legislative changes to improve the Proceeds of Crime Act (POCA) and will outline its relevant proposals by December 2021.

Strategic Priority Four: Enhanced capabilities

According to the Economic Crime Plan, a new flagship economic crime court will be established in Central London by 2026 which will deal with issues such as fraud and cybercrime. In addition, Pay.UK, who is the operator of the New Payments Architecture, will assess how the new inter-bank payment system, which is being developed, can help tackle economic crime.

Strategic Priority Five: Risk-based supervision and risk management

The Economic Crime Plan confirms that the Financial Conduct Authority (FCA) is going to become the supervisor of cryptoassets for AML/CTF purposes by 2020.

Strategic Priority Six: Transparency of ownership

A key priority is increasing transparency of ownership of corporate entities. To this end, the UK will be introducing significant reforms with regards to Companies House, which will include granting it with the power to make enquiries in respect of information submitted to the register as well as to request additional information. In addition, as part of the transposition of MLD5, the UK government will introduce, by January 2020, a requirement to report discrepancies of beneficial ownership information. The UK will also establish, by 2021, a public register of non-UK entities owning or buying UK property.

Strategic Priority Seven: International strategy

The Economic Crime Plan highlights the importance of international cooperation and joint public-private sector effort in implementing international standards.